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December 22, 2006

Honorable James H. Welsh
Commissioner of Conservation
State of Louisiana
Post Office Box 44275
Baton Rouge, Louisiana 70804-4275

Re: APPLICATION FOR PUBLIC HEARING

Hosston Formation, Reservoir B; and Cotton Valley
Formation, Reservoir A; NORTH GRAND CANE
FIELD, DeSoto Parish, Louisiana.

Dear Sir:

BEUSA ENERGY, INC. ("Applicant"), hereby respectfully applies for a public hearing to consider evidence relative to the issuance of orders pertaining to the following matters relating to the Hosston Formation, Reservoir B; and to the Cotton Valley Formation, Reservoir A; in the North Grand Cane Field, DeSoto Parish, Louisiana:

1. To establish rules and regulations governing the exploration for and production of gas and condensate from each of said formations and reservoirs.
2. To create four (4) drilling and production units for the exploration for and production of gas and condensate from each of said formations and reservoirs, such units being shown on attached plats and being designated HOSS RB SUA through HOSS RB SUD and CV RA SUA through CV RA SUD.
3. To force pool and integrate all separately owned tracts, mineral leases and other property interests within each of the proposed units with each tract sharing in unit production on a surface acreage basis of participation.
4. To designate an operator of, and unit wells for, the proposed units as may be appropriate.
5. To propose that future wells drilled to these formations and reservoirs within or outside of the units proposed herein be located no closer than 660 feet to any unit boundary and no closer than 2000 feet to any other well permitted to or completed in the same formation and reservoir.
6. To permit Applicant to combine downhole production from the Cotton Valley Formation, Reservoir A, with production from the Hosston Formation, Reservoir B, in any well drilled on the proposed units in which the ownership interests in the Cotton Valley Formation and Hosston Formation units are identical.
7. To define the Cotton Valley Formation, Reservoir A, as the stratigraphic equivalent of that interval encountered between the measured depths of 9,140 feet and 10,177 feet in the Bidas Energy USA, Inc.--John A Blunt 14 No. 1 Well (Serial No. 229039), located in Section 14, Township 12 North, Range 15 West, DeSoto Parish, Louisiana.
8. To consider such other matters as may be pertinent.

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The Hosston Formation in the North Grand Cane Field, DeSoto Parish, Louisiana, was defined in Office of Conservation Order No. 855-C, effective November 1, 1979.

Pertinent data concerning this application is available for inspection at the offices of Louis Gilbert & Associates, Inc., 3636 N. Causeway Blvd., Suite 204, Metairie, Louisiana 70002-7216. Any person wishing to inspect such data should call Mr. Gilbert at (504) 834-8112 during normal business hours in order to arrange a date and time for such inspection. A copy of any such data which is not otherwise available at the Office of Conservation can be obtained from Applicant at the expense of the requesting party.

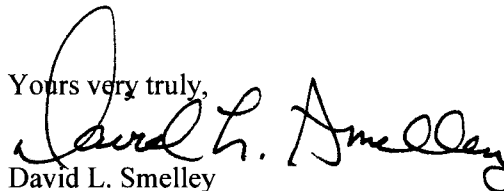
By letter dated December 11, 2006, Applicant gave notice, in accordance with the Revised Rules of Procedure, of its intention to apply for a public hearing concerning these proposals and set January 5, 2007, as the tentative date for the pre-application conference. No request for the pre-application conference was received within ten (10) days after the date of said letter; accordingly, no pre-application conference will be held.

Pursuant to the Revised Rules of Procedure, Applicant has made a reasonable effort to obtain the names and addresses of all Interested Owners, Represented Parties and Interested Parties to whom notice of this application is being sent and has attached hereto a list of the names and addresses of such parties. A copy of each of the unit plats (which are identical to the unit plats attached to the pre-application notice) is enclosed herewith, and a copy of this letter and of the attached plats is being sent to the District Manager of the Shreveport District of the Office of Conservation and to each of the Interested Owners, Represented Parties and Interested Parties as shown on the attached list.

Applicant will provide for posting of a copy of the Legal Notice of this hearing, and of the enclosed plats, at a prominent place in the area affected and will cause publication of the Legal Notice in a newspaper published in the general area of North Grand Cane Field, all in accordance with the Revised Rules of Procedure. Furthermore, Applicant will mail a copy of the Legal Notice to all Interested Owners, Represented Parties and Interested Parties promptly upon receipt of the Legal Notice from the Commissioner.

Finally, enclosed herewith is our check payable to the Office of Conservation covering the application fee.

Yours very truly,



David L. Smelley
Attorney for Beusa Energy, Inc.

DLS:dp

Enclosures

cc: Mr. Jim Broussard (w/encls.)
Ms. Linda McGowen (w/encls.)
Mr. Louis Gilbert (w/encls.)
Mr. Al Ruffin (w/encls.)
Interested Owners, Represented Parties
and Interested Parties (w/plats only)

